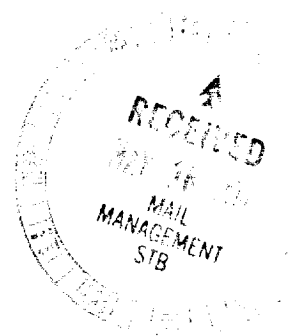


BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 582 (Sub-No. 1)  
MAJOR RAIL CONSOLIDATION PROCEDURES



Office of the Secretary

MAY 16 2000

Part of  
Public Record

COMMENTS OF THE  
CEDAR RAPIDS AND IOWA CITY RY. CO.

John D. Heffner  
Rea, Cross & Auchincloss  
1707 L Street, N.W.  
Suite 570  
Washington, D.C. 20036  
(202) 785-3700

Dated: May 16, 2000

ORIGINAL

BEFORE THE  
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BACKGROUND

On March 31, 2000, the Board served a decision announcing an Advance Notice of Proposed Rulemaking in the above-captioned proceeding. It seeks comments on modifications to its regulations at 49 CFR part 1180, subpart A (49 CFR 1180.0-1180.9) governing proposals for major rail consolidations. That decision set April 20, 2000, as the deadline for filing notices of intent to participate, May 16, as the deadline for initial comments, and June 5, as the deadline for reply comments.

COMMENTER'S INTEREST

Cedar Rapids and Iowa City Ry. Co. ("Crandic") is a regional class III short line railroad headquartered in Cedar Rapids, IA. Crandic operates a total of 52 miles of railroad in the State of Iowa in three segments, a main route between Cedar Rapids and Iowa City and two stub-end branches from Cedar Rapids to Middle Amana and Hills to Iowa City. Crandic enjoys physical connections with both the Union Pacific Railroad and the Canadian National-Illinois Central System at Cedar Rapids, with the Iowa Interstate Railroad, a class II carrier, at Iowa City, and with the Iowa Northern, a class III carrier, at Cedar Rapids. In

addition, through a haulage agreement with the Illinois Central, Crandic enjoys connections with most other major railroads in Chicago. Crandic handles a diverse traffic base including coal, manufactured goods and agricultural products for many on-line customers.

Crandic did not participate in any of the three most recent decided rail mergers potentially affecting the State of Iowa, including those of the Burlington Northern and Santa Fe Railroads, the Union Pacific and the Southern Pacific Railroads, and the Illinois Central and Canadian National Railroads. Nevertheless, Crandic has decided to submit these comments to ensure that railroad merger applicants and the Board would in the future consider the interest and needs of short line railroads generally.

Crandic has decided not to submit any substantive comments at this time. Rather Crandic appears here to ensure that it receives comments filed by other parties and to protect its right to submit such reply comments on June 5 as might be appropriate to protect its interest, as well as to participate in further proceedings presently scheduled for the Fall of 2000.

As a prelude to its further comments, the Board has identified several issues of keen interest to Crandic. Among others, the Board has asked parties to address the following:

1. Should the Board merely preserve existing competition or actively promote new competition?
2. Should merger applicants be required to maintain

existing gateways for all major routings?

3. Should the Board be able to compel interchanges over the most economical routes or via the most economical interchange points?

4. Should merger applicants be required as part of their filings to submit plans for promoting the viability of short line and regional railroads? In that regard the Board should consider the impact of traffic diversion on the viability of those short lines which play an important strategic role as a bridge route.

Crandic agrees with STB Chairman Morgan that short line railroads have an important role to play in preserving and promoting competition. Crandic looks forward to receiving and reviewing the comments filed by other parties and submitting such responsive comments as may be appropriate on June 5, 2000.

Respectfully submitted,


A handwritten signature in black ink, appearing to read "John D. Heffner", with a long horizontal flourish extending to the right.

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**CERTIFICATE OF SERVICE**

I hereby certify that I have served the forgoing on all known parties of record on the Service List on this the 16th day of May, 2000.

  
\_\_\_\_\_  
John D. Heffner

Counsel for:

Cedar Rapids & Iowa City Ry. Co.